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JEFFERSON YOUTH FOUNDATION, INC.

**FINANCIAL AND COMPLIANCE AUDIT
TOGETHER WITH
INDEPENDENT AUDITORS' REPORT**

FOR THE YEAR ENDED JUNE 30, 2003

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 10.29.03

TABLE OF CONTENTS

	<u>PAGE</u>
INDEPENDENT AUDITORS' REPORT	1
STATEMENT OF FINANCIAL POSITION AS OF JUNE 30, 2003	3
STATEMENT OF ACTIVITIES FOR THE YEAR ENDED JUNE 30, 2003	4
STATEMENT OF CASH FLOWS FOR THE YEAR ENDED JUNE 30, 2003	5
NOTES TO THE FINANCIAL STATEMENTS	6
<u>SUPPLEMENTAL INFORMATION</u>	
Supplemental Schedule of Expenses for the Year Ended June 30, 2003	11
INDEPENDENT AUDITORS' REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS	12
SCHEDULE OF FINDINGS AND QUESTIONED COSTS.....	14
SCHEDULE OF PRIOR YEAR FINDINGS.....	15



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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Jefferson Youth Foundation, Inc.

We have audited the accompanying statement of financial position of **Jefferson Youth Foundation, Inc.** (a non-profit corporation) as of June 30, 2003 and the related statements of activities and cash flows for the year then ended. These financial statements are the responsibility of the **Jefferson Youth Foundation, Inc.**'s management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards, and the standards applicable to financial audits contained in *Governmental Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of **Jefferson Youth Foundation, Inc.** as of June 30, 2003, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

INDEPENDENT AUDITORS' REPORT
(CONTINUED)

To the Board of Directors
Jefferson Youth Foundation, Inc.
Page 2

In accordance with *Government Auditing Standards*, we have also issued our report dated September 4, 2003 on our consideration of **Jefferson Youth Foundation, Inc.**'s internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grants.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplemental information included in the report (shown on page 11) is presented for the purpose of additional analysis and is not a required part of the financial statements of **Jefferson Youth Foundation, Inc.** Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated in all material respects in relation to the financial statements taken as a whole.

Bruno & Tervalon LLP
BRUNO & TERVALON LLP
CERTIFIED PUBLIC ACCOUNTANTS

September 4, 2003

JEFFERSON YOUTH FOUNDATION, INC.
STATEMENT OF FINANCIAL POSITION
AS OF JUNE 30, 2003

ASSETS

Cash	\$ 21,065
Grants receivable (NOTE 3)	85,831
Equipment, net of accumulated depreciation of \$25,782 (NOTES 2 AND 5)	<u>9,410</u>
 Total assets	 <u>\$116,306</u>

LIABILITIES AND NET ASSETS

Liabilities:	
Accounts payable	\$ 10,038
Accrued salaries and benefits	62,997
Payroll taxes payable	<u>6,442</u>
 Total liabilities	 <u>79,477</u>
 Net Assets:	
Unrestricted (NOTE 2)	<u>36,829</u>
 Total liabilities and net assets	 <u>\$116,306</u>

The accompanying notes are an integral part of these financial statements.

JEFFERSON YOUTH FOUNDATION, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2003

UNRESTRICTED

REVENUES

Grant revenue (NOTE 4)	\$272,253
Public support (NOTE 2)	3,347
Registration fees	4,747
Other income	80
In-kind donations (NOTE 9)	<u>25,710</u>
Total operating revenues	<u>306,137</u>

EXPENSES

Program services	267,409
Support services	<u>40,033</u>
Total expenses	<u>307,442</u>

Change in net assets	(1,305)
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Net Assets:

Beginning of year	<u>38,134</u>
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End of year	<u>\$ 36,829</u>
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The accompanying notes are an integral part of the financial statements.

JEFFERSON YOUTH FOUNDATION, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2003

CASH FLOWS FROM OPERATING ACTIVITIES

Change in net assets	\$ (1,305)
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	6,715
Decrease in grants receivable	14,386
Decrease in accounts payable	(9,033)
Increase in accrued salaries and benefits	1,517
Decrease in due to State of Louisiana	(106)
Decrease in payroll taxes payable	<u>(922)</u>
Net cash provided by operating activities	<u>11,252</u>
Net increase in cash and cash equivalents	<u>11,252</u>
Cash - July 1, 2002	<u>9,813</u>
Cash - June 30, 2003	<u>\$21,065</u>

The accompanying notes are an integral part of these financial statements.

JEFFERSON YOUTH FOUNDATION, INC.
NOTES TO THE FINANCIAL STATEMENTS

NOTE 1 - Organization:

The **Jefferson Youth Foundation, Inc. (the Foundation)** was organized to provide a variety of social, educational, cultural, health and nutritional services to disadvantaged youth and their families. These services are provided through the administration of the Advent Program, an after school program and summer camp.

NOTE 2 - Summary of Significant Accounting Policies:

Basis of Reporting

The **Foundation** is a non-profit, community based organization whose financial statements are prepared on the accrual basis. The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Financial Statement Presentation

The **Foundation** has adopted the provision of Statement of Financial Accounting Standards No. 117, "Financial Statements of Not-for-Profit Organization", which establishes standards for external financial reporting by not-for-profit organizations and requires that resources be classified for accounting and reporting purposes into three net assets categories according to external (donor) imposed restrictions.

JEFFERSON YOUTH FOUNDATION, INC.
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 2 - Summary of Significant Accounting Policies, Continued:

Financial Statement Presentation, Continued:

A description of the three net asset categories is as follows:

Unrestricted net assets include funds not subject to donor-imposed stipulations. The revenues received and expenses incurred in conducting the missions of **the Foundation** are included in this category.

Temporarily restricted net assets include realized gains and losses, investment income and gifts and contributions for which donor imposed restrictions (capital improvements, etc.) have not been met.

Permanently restricted net assets are contributions which are required by the donor-imposed restriction to be invested in perpetuity and only the income be made available for program operations in accordance with the donor restrictions. Such income is reflected in temporarily restricted net assets until utilized for donor imposed restrictions.

At June 30, 2003, **the Foundation** did not have any temporarily or permanently restricted net assets.

Equipment

Equipment of **the Foundation** is recorded as assets and are stated at historical cost if purchased, or at fair market value at the date of the gift, if donated. Additions, improvements and expenditures that significantly extend the useful life of an asset are capitalized.

Depreciation is provided using the straight-line method over the estimated useful lives of the assets.

JEFFERSON YOUTH FOUNDATION, INC.
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 2 - Summary of Significant Accounting Policies, Continued:

Support and Revenues

Revenues received under government grant programs are recognized when earned.

Contributions (public support) are considered to be available for unrestricted use unless specifically restricted by the donor or the Board of Directors.

Cash Equivalents

For purposes of the statement of cash flows, **the Foundation** considers all short-term, highly liquid investments with a maturity of three months or less at the time of purchase to be cash equivalents.

Functional Allocation of Expenses

The costs of providing the various programs and activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefitted.

NOTE 3 - Grants Receivable:

As of June 30, 2003, grants receivable was composed of the following:

State Department of Education	\$78,652
The Louisiana Children's Trust Fund - Positive Alternatives Parent Support Program	5,929
Arts Council of New Orleans	<u>1,250</u>
	<u>\$85,831</u>

JEFFERSON YOUTH FOUNDATION, INC.
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 4 - Summary of Grant Revenue:

The Foundation was primarily funded through the following grants for the period July 1, 2002 to June 30, 2003:

<u>Funding Source</u>	<u>Grant Period</u>	<u>Revenue</u>
State Department of Education	11/01/02-09/30/03	\$253,554
Louisiana Children's Trust Fund- Positive Alternatives Parent Program	07/01/02-06/30/03	9,999
Arts Council of New Orleans	10/01/02-09/30/03	5,000
Louisiana Children's Trust Fund- The Mural Project	07/01/02-06/30/03	<u>3,700</u>
Total Grant Revenue		<u>\$272,253</u>

NOTE 5 - Equipment:

Equipment is stated at cost as follows:

Equipment	\$35,192
Less: Accumulated depreciation	<u>25,782</u>
Net equipment	<u>\$ 9,410</u>

Depreciation expense was \$6,715 for the year ended June 30, 2003.

NOTE 6 - Economic Dependency:

The primary source of revenue for **the Foundation** is state and local grants provided through various funding agencies. The continued success of **the Foundation** is dependent upon the renewal of contracts from current funding sources as well as obtaining new funding.

JEFFERSON YOUTH FOUNDATION, INC.
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 7 - Income Taxes:

The Foundation is exempt from federal income taxes under code section 501(c)(3) of the Internal Revenue Code. Therefore, no provision for income taxes is made in the accompanying financial statements.

NOTE 8 - Contingency:

The Foundation is a recipient of grants from the State of Louisiana. The grants are governed by various State guidelines, regulations, and contractual agreements. The administration of the program and activities funded by the grant is under the control and administration of **the Foundation** and is subject to audit and/or review by the applicable funding source. Any grant funds found not to be properly spent in accordance with the terms, conditions, and regulations of the funding source may be subject to recapture.

NOTE 9 - Donations In-Kind:

During the fiscal year ended June 30, 2003, **the Foundation** received in-kind donations which are recorded in revenues and corresponding expenses. The value of the space in the Ames Elementary School building which **the Foundation** occupies, has been estimated to approximate \$25,710. The building is owned by the Jefferson Parish Public School System. The Public School System provides the space rent-free for the purpose of operating the program.

SUPPLEMENTAL INFORMATION

JEFFERSON YOUTH FOUNDATION, INC.
SUPPLEMENTAL SCHEDULE OF EXPENSES
FOR THE YEAR ENDED JUNE 30, 2003

	<u>Program Services</u>	<u>Supporting Services</u>	<u>Total</u>
<u>Expenses</u>			
Salaries and benefits	\$169,958	\$24,066	\$194,024
Telephone	-0-	2,147	2,147
Workshops	29,450	-0-	29,450
Rent	1,500	-0-	1,500
Insurance	5,934	-0-	5,934
Field Trips	7,109	-0-	7,109
Supplies	14,564	-0-	14,564
Miscellaneous	-0-	5	5
Professional services	13,184	7,100	20,284
Depreciation (NOTE 4)	-0-	6,715	6,715
In-kind donations-rent (NOTE 8)	<u>25,710</u>	<u>-0-</u>	<u>25,710</u>
Total expenses	<u>\$267,409</u>	<u>\$40,033</u>	<u>\$307,442</u>

See the Independent Auditors' Report on Supplemental Information

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE
AND ON INTERNAL CONTROL
OVER FINANCIAL REPORTING BASED ON AN AUDIT OF
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH GOVERNMENT AUDITING STANDARDS

To the Board of Directors
Jefferson Youth Foundation, Inc.

We have audited the financial statements of **Jefferson Youth Foundation, Inc. (the Foundation)** as of and for the year ended June 30, 2003 and have issued our report thereon dated September 4, 2003. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether **the Foundation's** financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE
AND ON INTERNAL CONTROL
OVER FINANCIAL REPORTING BASED ON AN AUDIT OF
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH GOVERNMENT AUDITING STANDARDS
(CONTINUED)

Internal Control Over Financial Reporting

In planning and performing our audit, we considered **the Foundation's** internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the *internal control over financial reporting*. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended for the information of management. However, this report is a matter of public record and its distribution is not limited.

Bruno & Tervalon LLP
BRUNO & TERVALON LLP
CERTIFIED PUBLIC ACCOUNTANTS

September 4, 2003

JEFFERSON YOUTH FOUNDATION, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2003

We have audited the financial statements of **Jefferson Youth Foundation, Inc.** as of and for the year ended June 30, 2003, and have issued our report thereon dated September 4, 2003. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Our audit of the financial statements as of June 30, 2003 resulted in an unqualified opinion.

Section I - Summary of Auditor's Reports

a. Report on Internal Control and Compliance Material to the Financial Statements

Internal Control

Material Weaknesses - No

Reportable Conditions - No

Compliance

Compliance Material to Financial Statements - No

b. Federal Awards

Not Applicable

c. Identification of Major Programs

Not Applicable

**Section II - Findings Relating to the Financial Statements Reported in Accordance with
*Government Auditing Standards***

No matters reported.

Section III - Findings and Questioned Costs Related to Federal Awards

Not Applicable

JEFFERSON YOUTH FOUNDATION, INC.
SCHEDULE OF PRIOR YEAR FINDINGS
FOR THE YEAR ENDED JUNE 30, 2003

1. **Internal Control and Compliance Material to the Financial Statements**

No prior year audit findings reported.

2. **Internal Control and Compliance Material to Federal Awards**

Not applicable.

3. **Management Letter**

No prior year comments reported.